P. W. (1944) Department

MS SERIES.

G.O. No. 450

Dated 15-2-44

[Despatch Abstract.]

Electricity - Illegal Electric Licence.

Levy of War Conditio Surcharge - Orders

Electricity **DEPARTMENT.**

Received E 10 DEC 3770 ..... 19 *Registered* 19

Subject.

Electricity - Kollegal Electric licence - War Conditio Surcharge.
Ref: P.W.D. memorandum No.628-E/43-4 dated 15-11-43

M/10/12/43

ENCLOSURES.
No. .....
.....
Spare copies .....

No. 6237-M/43-1.

Station Madras., *Dated the* 29th November, 19 43.

From (Name) Sri T.J. Mirchandani,

(Designation) Chief Electrical Inspector to Government.

To The Secretary to the Government of Madras,

Public Works Department. Madras.

Through The Chief Engineer for Electricity, Chepauk, Madras.

Sir,

The Kollegal licensee has submitted proposals for a War condition surcharge and the application has been scrutinised.

2 The Kollegal electrical undertaking commenced supply from October, 1940, and the first complete year of operation i.e. 1941-42, resulted in a small revenue surplus of nearly Rs.1700/-. This surplus was however inadequate to meet interest and annuity charges.

3 In June 1942, the Restrictions on new Service connections were imposed and this effectively stopped all further development. Later, to conserve fuel oil, restricte working hours of the power station was ordered. During that year locally made spares for the engines (for which manufacturer's spares were not available, the engines being of German make) were ordered at heavy cost. Dearness allowance to staff was also commenced to be paid from 1942. Although

the audited accounts of 1942-43 for the undertaking are not yet available, it is likely that the working would have resulted in large deficit in 1942-43.

4/ For the six months April-September 1943, the receipts total to Rs.5294-13-5 and expenditure to Rs.7615-8-11. That is, on an average the expenditure is Rs.387/- over the revenue in each month. It is unlikely that conditions will much improve during the remaining part of the year and the probability is that 1943-44 working would also result in large deficits.

5/ The Panchayat Board requested in their letter Roc.199-E/42 dated 23-1-43, a 25% ~~xxxxxxxx~~ increase in their tariff rates. This was examined and remarks submitted to Government in this office No.1459/S/43-1 dated 12th June, 1943. As stated then, the Panchayat Board cannot appreciably benefit by a "fuel clause" and hence all redress possible lies in the War condition surcharge scheme.

6/ The Panchayat Board has requested that it be permitted to levy the maximum of 25 % surcharge allowed in G.O.No. Ms.2408 dated 9th November, 1943. A 25 % surcharge will yield an extra average revenue of Rs.220/- a month as against the present average deficit of Rs.387/- a month. I therefore recommend that under clause 4(x) of the G.O. this undertaking be allowed to levy a surcharge in excess of the permissible maximum of 25 %. As this undertaking cannot benefit by the provision in para 5 of the G.O. dated 9-11-43, a 40% surcharge is recommended. This will enable the monthly deficits in running expenses to be very nearly met.

The Government may kindly approve the 40% surcharge and authorise the licensee:----

(1) To levy a 40 % surcharge on amount of each bill for electric supply (except on bills for supply for bonafide agricultural purposes);

(2) To levy the surcharge from the bills of December, 1943,

and (3) to report by June, 1944 to this office the financial position to examine if a revision of the surcharge is warranted.

8/ I would bring to notice that the surcharge now proposed is anticipated to make up deficit in running expenses only. Interest, Depreciation and other items are not provided for. Higher surcharge not proposed because there is fear that if the surcharge is too high, the existing consumers may drop off. Even with 40 % surcharge, there may be some decrease. Actual results will be scrutinised on basis of six months' working.

T. J. Narasimhan
29 11 43
Chief Electrical Inspector
to Government.

Endtno 6391 G/43-2 dated 10.12.43

SD/TSS/29.11.

29/11

Forwarded to the Secretary to Govt. P.W.D. Madras

I agree with the remarks of the C.E.I.G.

Supdg Engineer

Chief Engineer for Electricity

ELECTRICITY DEPARTMENT.

From

Sri T.J.Mirchandani,
Chief Electrical Inspector
to Government,
Chepauk, Madras.

To

The Secretary to Government,
Public Works Department,
Madras.

PUBLIC WORKS

No.6123 M/43-5, dated 22-1-44

Sir,

Sub: Electricity - Electric Supply undertakings - Losses due to War Conditions - Surcharges.

====

I beg to invite attention to my letters No.6123 M/43-1, dated 2-12-43 and No.6237 M/43-1, dated 29-11-43 recommending respectively for the Chicacole and Kollegal licensees a war condition surcharg under G.O.No.Ms.2408 , dated 9-11- I request to be informed when the

proposed surcharges are likely to be approved and the licensee permitted to levy the surcharge

T. J. Maxwell
Mr. 44.

Chief Electrical Inspector
to Government.

G.P.22.1.

ELECTRICITY DEPARTMENT.

From

K. Virchandani,
Chief Electrical Inspector
to Government, Post Box No.417,
Egmore, Madras.

To

The Executive Officer, Panchayat Union
Kollegal.

No.6237 E/43-2, dated 10-2-44.

Sir,

Sub: Kollegal Electric licence
- War condition surcharge
- Levy of.

Ref: Your letter No. Nil,
dated 5--2--1944.

=====

I have addressed Government in the matter and their instructions are awaited for making a war condition surcharge award for your undertaking.

for Chief Electrical Inspector
to Government.

-2-

Copy submitted to the Public Works Department, Secretary to Government, with copy of letter under reply and in continuation of this office No. 6237 M/43-1, dated 29-11-43.

If there is likely to be delay in the sanction of a 40% surcharge, I may be informed if a 25% surcharge may be made initially from this office.

for Chief Electrical Inspect to Government.

Encl: 1.

G.P.10.2.

ENCLOSURE.

Copy of letter dated 5-2-44, from the Executive Officer, Panchayat Board, Kollegal, to the Chief Electrical Inspector to Government Chepauk, Madras.

=====

Sub: War - Kollegal Electric licence, 1937 - levy of Composite War condition surcharge sanction - prest

Ref: R.O.C. No.167-E/43, dated 23-11-1943.

=====

I have the honour to invite your kind attention to the above letter and request you to sanction the application of the "War Condition surcharge" at an early date as the undertaking is incurring loss due to the high prices etc.,

P.W.D.

G.O. 145 No. 4504 15-2-44.

55/15-88

Electricity - Kollegal Electric licensee - Levy of war condition surcharge - ~~Percentage fixed~~. Orders issued.

Ref 1-2 from the C.E.I.G. No 6227 M/43-1 dated 4-11-43
No. 3170 G/43 dated 10-12-43 from the C.S. for Elecy No. 6391 G/43-2 dated 10-12-43

The Govt consider that the levy of 25% surcharge asked for by the Electricity Board, Kollegal, should be allowed. The Electricity Board should provide funds to make up the balance of the deficit in the working of the electricity undertaking.

By order etc.

(Elecy)
E.I.G.

Sd/- [illegible]
15.2.44

Sd/- [illegible]
15.2.44

Sd/- [illegible]
15/2.44

3770 T/43

Subj: Electy Kollegal Electric Licen

From the CE TC no 6237 M/42-43 dt
CE TC, " 6391 G/43-2 dt

AS Please see in C TC's letter
on top 2 cs and the CE TC's rem
(+) thereon. The note in the bf case give
in brief the circumstances that led to the
fixing of the maximum percentage of
War Contribution - Surcharge levi Rs, ... above
to para 4 (i) of Govt Rs 2 dt 9.11.43
by the licensee in the Kollegal area
hydro electric area, viz, 25 % in Kolar
and 15 % in hydro electric areas, the
actual percentage in each case being
fixed by the CE TC and the CE (E).
Para 4 (x) of the Govt Notification, vests
in Govt the power of additional relief to
~~inefficient~~ licensees where necessary.

2. The CE TC and the CE
recommend the levy of 40 % on the
Kollegal electric licensee (P. ...) for the
following reasons:—

(i) The Kollegal electric undertaking
Commenced Operation from 1936 in the
the Small revenue Station ... in
the first Complete year (1941-42) was inadequate to meet
interest and ...

(ii) Restrictions and control orders, issued by the Govt of India, on supply of electric power restricted hours of working of the power stations for the conservation of fuel oil, purchase of locally made spares at heavy cost, and payment of dearness allowance to the staff have resulted in an anticipated deficit for 1942-43

(iii) Deficit is anticipated in 1943-1944 also according to the actuals for the first six months from April to Sept 1943;

(iv) In Jany 1943, the P. Bd applied for permission to a 25% increase in their tariff rates to meet the increase in the price of all materials i.e. diesel oil, etc. The case was kept in abeyance pending the issue of orders on the levy of a War Condition Surcharge, then under consideration of Govt, as the adoption of a fuel clause was not possible because most of the licenses being were equal to the maximum prescribed in the licence which could not be increased except by means of a 'War Condition Surcharge' - vide para 4 (iii) of Circ 2408 Comm dt 9.11.42

(v) The P. Bd. has requested permission to levy the maximum of 25% Surcharge prescribed in para 4 (i) of the Circ. This will only yield an extra revenue of Rs. 2250 a month as against the present average

deficit of Rs. 38/- a month.

(vi) The licensee believes relying under para 4(x) of the Govt. notification and a 40% is necessary as the provisions mentioned in para 5 of the Govt is not applicable in this case vide extract on page 2 ante

(vii) The 40% surcharge is anticipated to make up the deficit in running expenses only; and interest, depreciation and other charges are not provided for. Higher surcharge is not proposed for lest that it should result in reduction of the number of consumers

(viii) The licensee may be permitted to levy the 40% surcharge, except on bills for bonafide agricultural purposes, from 1st Jan. 1943 and to report by June, 1944, to the CE 1 Cr the financial position for examination as to whether a revision of the surcharge will be necessary.

The CE (T) agrees with the CE 1 Cr. from the facts reported by the CE 1 Cr., the Kollegal Municipal Council to believe additional relief as contemplated in para 4(x) of Govt Memo No. 2408 Dtd 9.11.43, and is analogous to the Chikkodi Electric license dealt with in the case. It is for consideration whether in view of A4's minute of 29.10.43, as agreed to by E1 in regard to the maximum percentage of surcharge allowable, the recommendation of the CE 1 Cr and the CE (T) may be accepted for orders.

May be accepted
M/Secy

47 (N 25.12.43

I see that the licensee has asked for 25%. The maximum of 26% was now be allowed and if the revenue and the Electrical Inspector

The Proceedings may be considered

Draft Submitted — ~~LAD may see, objections~~

L.A.D

There is a proposal in P.W.D to effect a changeover in this panchayat area from the present thermal generation of electric energy to being linked up with the hydroelectric supply from Sivasamudram. In that connection it is proposed to grant a loan of Rs 6,000 to the Panchayat in Q.44-5. to 25% surcharge is reported to yield an extra revenue of Rs 220 per month against an estimated recurring deficit of Rs 387 per month in the Elec. licence A/c, & it seems preferable to allow a surcharge of 40% as recommended by the C-E(E). Finance may perhaps see this case. With these remarks this may be returned to the P.W.D despatch.

PWD
-3770 E/43
3144

LOCAL ADMINISTRATION DEPT.
1 JAN 1944
207

Q-1-44
P.W.D
L.Adm.No 207-44
8.1.44.

5-1-44. — SW 6-1-44 — S — PWD

5.1.44 — PWD

AS — The proposal at 'A' above relates to changeover of the P.B.d. to hydro-electric power from Swasamudram. The ~~taking over~~ transaction may take some time, as the necessary apparatus etc has to be obtained ~~and~~ before the changeover to regular supply can be effected. ~~In the if the P.B.d. changeover to hydro electric supply, it~~

E
JAN 1944
(135)

~~may be eligible only for 15 /. Surcharge, and~~
~~not 25 /, according to - proc... of Co~~
~~No: 2408 P.W. of 9.11.43~~. The 25 /. proposed
to be allowed in the draft one below seems
to suffice for the present. Fin. may see
as desired by L.A.D.

14.1.44 S

Finance (Accts)

The C.E.I's reference in the current
P.W. file 3770 E/43-2 file, and the note from A on page 3 above,
~~the draft memo.~~ below may be perused
14.1.44. This department may agree with the
views of the P.W. department

20.1.44 As the C.E.(I) says that
40 % surcharge is necessary to cover running
expenses only without any interest or depreciation
I agree with L.A. that it would be better to sanction t
now. The C.E.(I)'s recommendations at X p 2 c.f. may, I sugges
be accepted. 23.1.44 P.W.

P.W.D.

A.S.

This file relates to the levy of a war condition surcharge by the Kollegal P. Bd. The C.E.I.I. and the C.E.(E.) recommend that for the reasons given in paras 1 to 6 on pp.1-2 c.f., the licensee may be permitted to levy a 40% surcharge with reference to para 4 (X) of G.O.Ms. 2408-P.W., dated 9-11-4

2. This Deptt. consider that as the licensee has asked only for a 25% surcharge, fixed in para 4 (i) of G.O.Ms.2408-P.W., dated 9-11-43, the maximum of 25% surcharge may be permit and, if the licensee asks for further relief, the question of increasing the percentage may be considered. L.A.D. and

ASST. SECRETARY TO GOVERNMENT
17 JAN 1944
FINANCE DEPARTMENT

Dhro' Expv. B
No. 1958 B-1
24-1-44

Finance suggest that a 40% surcharge may be allowed for the reasons given by the C.E.I.G. in para 7 of p.2 c.f.

3. As the Panchayat Bd. has not asked for a higher percentage of surcharge than 25%, the reasons for allowing the levy a 40% surcharge do not seem to be strong. Its existing rates under most of the tariffs are already equal to the maximum prescribed in the licence, and a 40% increase over ~~the surcharge~~ rates may not be in the interest of successful growth of the undertaking. As pointed out by the C.E.I.G. in para 7 on p.2 if the surcharge is too high the existing consumers may drop o and with the 40% surcharge there may be some decrease. Importa loads at Kollegal, Viz. two Silk Filatures, are served already by Mysore and not by the Kollegal Licensee. For order

S
8144 CN 28.1.44

28-1 We S

It is for orders whether the Panchayat Board should be allowed to levy a surcharge of 25% or 40% as recommended by the C.E. In G.O.No.2408 P.W., dated 9-11-43 sanctioning War Condition Surcharge, the Govt. have allowed 25% in thermal areas subject to the condition that the percentage to be levied shall be such as not to make the profits of the licensee after ~~levying~~ levying ~~under~~ the surcharge exceed 4% of the total paid-up share capital. They have also said that extreme cases of licensees, who may not get appreciable relief under the limits specified above, will be considered independently. A 25% surcharge will yield an extra revenue of Rs.220 a month agains the present average deficit of Rs.387 a month while a 40% surcharge will enable the undertaking to meet the monthly deficits. It is proposed to levy a surcharge on all bills except on bills for supply for bonafide agricultural purposes. For orders whether a 40% surcharge may be allowed to enable

the licensees to meet the deficits.

31.1.44

25% Surcharge asked for by
the Panchayat Union
The balance will have to be met
by the Panchayat themselves

SMR
1/2/44

Please see the orders in circulation above. As the
order is submitted. L.A.D and Finance
may see & handover before issue

4-2-44 CN 4.2.44

6.2.44

6119 Acts

LA
L.A.D

E Pamphlet not yet printed as per p.4 above Fin

May be perused
A 5/2/44

E/43-3
ADMINISTRATION DEPT.
7 FEB 1944
3544
SECRETARIAT, MADRAS

Finance (Acct B)

(Previous finance note on page 5 above)

The subsequent notes and orders and the draft order may be perused

Ord. on $